
ACC 212

Teacher: Mahmood Almutawa

CH3

Accounting for Receivable

Direct
Write-off

رقم جاهز

Q: (1)

لازم السؤال مافيه كلمة

Estimated

Allowance
method

لازم السؤال فيه كلمة

Estimated

رقم جاهز

Q: (2)

% Credit Sales

Q: (3)

% A/c Receivable

Q: (4)

% A/c Receivable
جدول

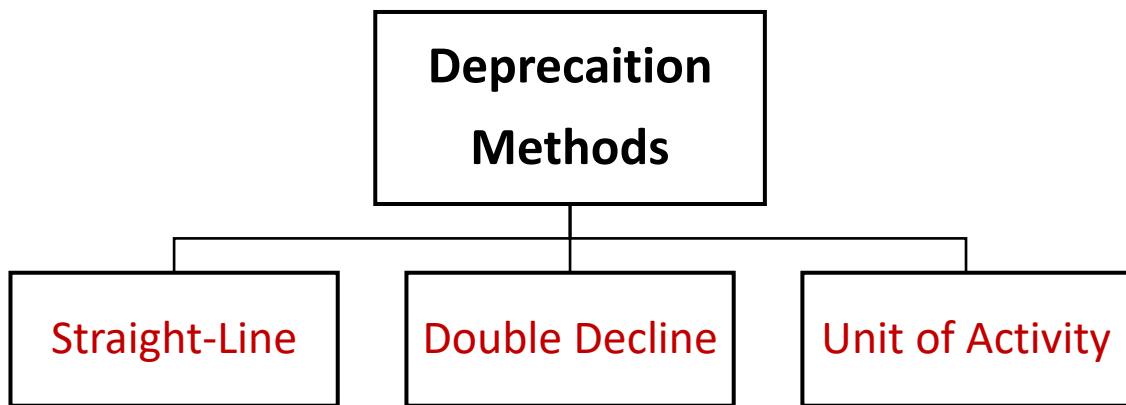
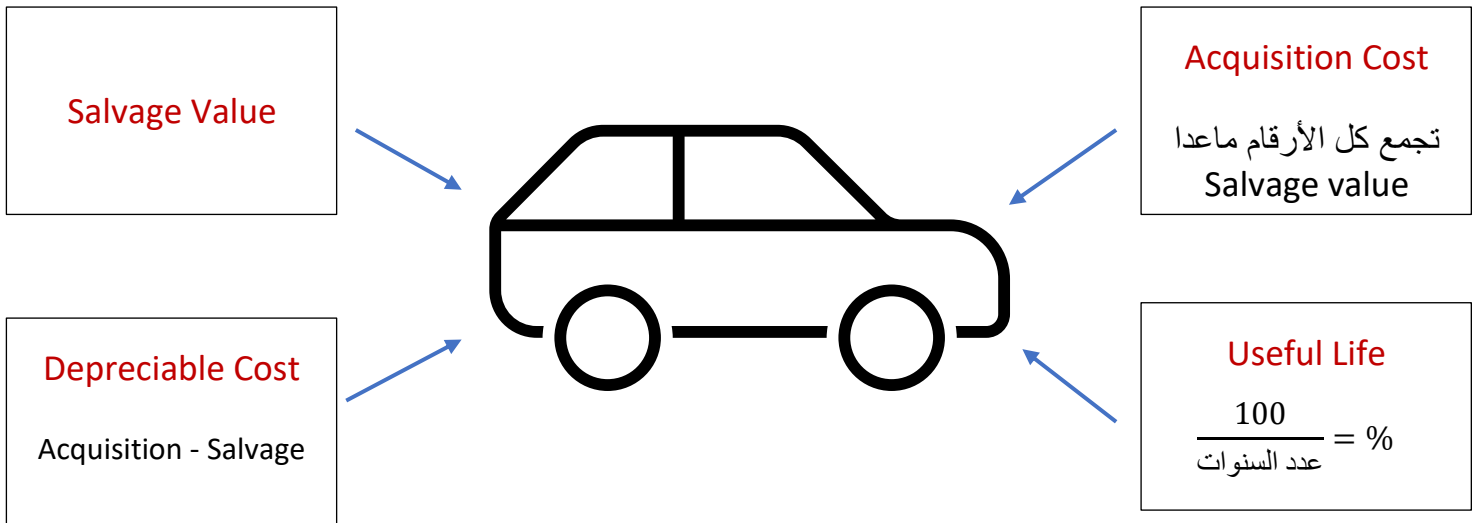
Q: (5)

كلمات مفتاحية لمعرفة ان الزبون لن يستطيع الدفع

Couldn't pay, Will not pay, Wrote off, Uncollectable, Not able to pay

CH4

Depreciation of plant Assets



The following data for a delivery truck purchased by a company on January 1, 2018:

Cost price BD42,000

Freight cost BD1,300

Taxes BD1,700

Estimated salvage value BD3,000

Estimated useful Life in years 4

Estimated useful life in miles 100,000

Distributed miles during 4 years, 40,000 – 25,000 – 20,000 – 15,000

Required:

Compute annual depreciation expense, accumulated depreciation and net book value for 5-year useful life. **Under the following methods**

1. Straight-Line.

- ① -----
- ② -----
- ③ -----

year	Depreciable Cost ×	Useful life =	Depreciation Expense +	Accumulated Depreciation -	Net Book Value

Prepare the journal entry for the **second** year:

GENERAL JOURNAL

Date	Account title	Debit	Credit
31/12/2019	Depreciation Expense - Truck	10500	
	Accumulated Depreciation		10500

2. Double Declining-Balance

- 1 _____
- 2 _____
- 3 _____

year	Beginning book value	× Useful life	= Depreciation Expense	+ Accumulated Depreciation	- Net Book Value
		Salvage			

Prepare the journal entry for the **second** year:

GENERAL JOURNAL

Date	Account title	Debit	Credit

3. Unit of Activity

- 1 _____
- 2 _____
- 3 _____

year	Number of Units	× Depreciation cost per unit	= Depreciation Expense	+ Accumulated Depreciation	- Net Book Value

CH 5

Disposal of Plant assets

Retires

Q1:

On Dec 31, 2018, Ahmed retires his truck, which cost BD24,000. The accumulated depreciation on these truck is BD24,000. The truck, therefore, is fully depreciated (zero book value).

Required:

Prepare the journal entry to record this retirement.

Date	Explanation	Debit	Credit

Discarded

Q3:

On April 15 2019, Eman Company **discards** delivery equipment that **cost** BD 22,000 and has **accumulated depreciation** of BD16,000. The entry is as follow:

Required: Prepare the journal entries.

Date	Explanation	Debit	Credit

Q5:

Sold

On July 1 2018, Salman Company **Sold** office equipment for BD15,000 cash. The office original **cost** BD50,000. It had **accumulated depreciation** of BD39,000. To compute gain or loss from selling the equipment. The entry is as follow:

Date	Explanation	Debit	Credit

Cr. < Dr.
Cr. Gain on Disposal

Q6:

On July 1 2018, Salman Company **sell** office equipment for BD8,000 cash. The office original **cost** BD50,000. It had **accumulated depreciation** of BD39,000. To compute gain or loss from selling the equipment. The entry is as follow:

Date	Explanation	Debit	Credit

Dr. < Cr.
Dr. Loss on Disposal

Q2: The following balances were extracted from the books of Jalil Est., on 31st December, 2012:

	BD		BD
Sales returns	900	Carriage out	180
Purchases returns	600	Import tax	200
Sales discount	300	Beginning Inventory	2,600
Sales	20,800	Ending Inventory	3,100
Purchases	15,200	Rent expense	800
Freight in	250	Salaries expense	1,100

Required:

From the above balances calculate the following:

1	Net Sales	
2	Net Purchase	
3	Cost of Purchase	
4	Cost of Goods available	
5	Cost of Goods Sold	
6	Gross profit	

Q3:

Complete the missing blanks in the following income statement of Narees Company as at 31st Dec 2017:

Income Statement
For the period ended -----

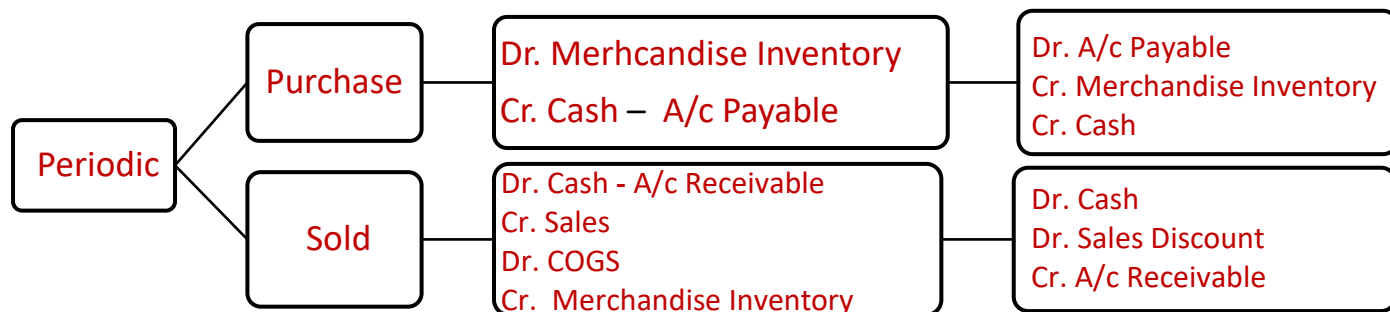
<u>Revenue from sales:</u>			
.....		
Sales Return and Allowance		800	
Net sales			51,500
<u>Cost of Goods Sold:</u>			
.....		
Purchase	29,780		
Purchase Returns	320		
.....		
Freight In	240		
.....	
Cost of Goods Available for sale		32,000	
.....		
Cost of Goods Sold			17,600
Gross Profit			33,900
<u>Operation Expenses:</u>			
Rent Expense			2,200
.....		
Income tax 5%			

ACC 212

Teacher: Mahmood Almutawa

CH 1

Perpetual Inventory System

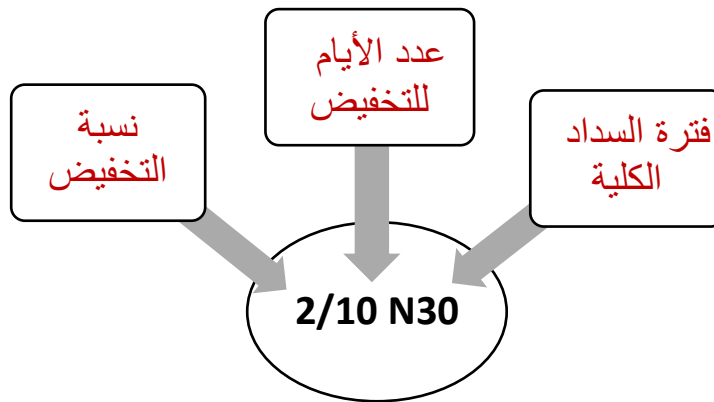


Q1: Prepare the journal entries for the following transactions to Al Saeed Co. which using the **Perpetual** Inventory system during the month of November, 2021:

- 1- 4 November, **Purchased** goods cost BD 4000 from Hassan Est. credit terms (2/15, n/30).
- 2- 5 November, **Purchased** goods from Hanan Est cost BD 3500 Cash.
- 3- 10 November, Al Saeed **returned** some goods cost of BD 400 to Hassan Est.
- 4- 12 November, Al Saeed **returned** some goods cost of BD 300 to Hanan Est.
- 5- 14th Nov. **Paid** full amount to Hassan Est.
- 6- 17 November **Purchased** goods from Jassim Co. cost BD 4500 cash.
- 7- 19 November received credit memorandum for goods **return** to Jassim Co. cost BD 280.

GENERAL JOURNAL

Date	Account Title	Debit	Credit
Nov 4	Merchandise Inventory	4000	
	Account payable – Hassan Est.		4000
Nov 5	Merchandise Inventory	3500	
	Cash		3500
Nov 10	Account payable	400	
	Merchandise Inventory		400
Nov 12	Cash	300	
	Merchandise Inventory		300
Nov 14	Account Payable (4000-400) ①	3600	
	Merchandise Inventory (3600×2%) ②		72
	Cash (3600-72) ③		3528
Nov 17	Merchandise Inventory	4500	
	Cash		4500
Nov 19	Cash	280	
	Merchandise Inventory		280



Q2: Prepare the journal entries for the following transactions to Sameer Co. which using the **Perpetual** Inventory system During the month of January,2022:

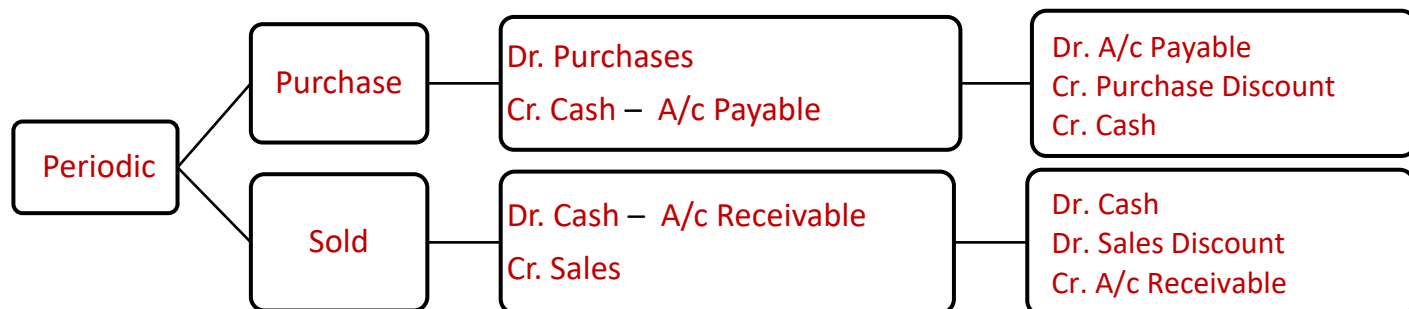
- 1- On 3rd of January, **sold** goods to Yonis Est. for BD 2200 and the cost was BD1800 on cash
- 2- 8 January Sameer co. **sold** goods BD4500 to Nadia Est. Cost of goods sold BD 3800, Credit terms (1/15, n/45).
- 3- On January 12, 2022, Nadia **returned** goods, of BD 400, at a cost of BD 320.
- 4- On 22th January **received full amount** from Nadia Est.

GENERAL JOURNAL

Date	Account Title	Debit	Credit
Jan 3	Cash	2200	
	Sales		2200
	COGS	1800	
	Merchandise Inventory		1800
Jan 8	A/c Receivable – Nadia Est.	4500	
	Sales		4500
	COGS	3800	
	Merchandise Inventory		3800
Jan 12	Sales return	400	
	A/c Receivable – Nadia Est.		400
	Merchandise Inventory	320	
	COGS		320
Jan 22	Cash (4100-41) ③	4059	
	Sales Discount (1800×1%) ②	41	
	A/c Receivable (4500-400) ①		4100

CH 2

Periodic Inventory System



Q1: Prepare the journal entries for the following transactions to Ahmed Co. which using the **Periodic** Inventory system During the month of December,2021:

- 1- On 3rd of December, **Purchased** goods from Sami Est. box cost BD500 terms (3/15, n/45)
- 2- 5 December Ahmed company **return** 150BD Boxes to Sami Est.
- 3- 9 December, **Paid** full amount due to Sami.
- 4- Ahmed co. **sold** goods BD2300 to Noor Est on December 10, 2021. terms (1/10, n/45).
- 5- On December 12, 2021, **returned** goods to Noor Est., of BD 450.
- 6- On 15th December **received full amount** from Noor Est.

Date	Account Title and Explanation	Debit	Credit
Dec 3	Purchases	500	
	A/c Payable		500
Dec 5	A/c Payable	150	
	Purchases		150
Dec 9	A/c Payable (500-150) ①	350	
	Purchase Discount (350×3%) ②		10.5
	Cash (350-10.5) ③		339.5
Dec 10	A/c Receivable – Noor Est	2300	
	Sales		2300
Dec 12	Sales Return	450	
	A/c Receivable – Noor Est		450
Dec 15	Cash (1850-18.5) ③	1831.5	
	Sales Discount (1850×1%) ②	18.5	
	A/c Receivable (2300-450) ①		1850

CH3

Accounting for Receivable

Direct
Write-off

رقم جاهز

Q: (1)

لازم السؤال مافيه كلمة

Estimated

Allowance
method

لازم السؤال فيه كلمة

Estimated

رقم جاهز

Q: (2)

% Credit Sales

Q: (3)

% A/c Receivable

Q: (4)

% A/c Receivable
جدول

Q: (5)

كلمات مفتاحية لمعرفة ان الزبون لن يستطيع الدفع

Couldn't pay, Will not pay, Wrote off, Uncollectable, Not able to pay

1- Direct write-off

Q1: On 1st May 2022 Islam co. shows a balance of BD200,000 for Account Receivables, on 24th October 2022 one of its A/c Receivables Sameer est. could not pay BD 2000 and the company wrote off the balance, on 1st December 2022 Sameer made some profit and paid the amount due. Record the necessary journal entries.

Date	Account	Debit	Credit
Oct 24	Bad Debt Expense	2000	
	A/c Receivable – Sameer est.		2000
Dec 1	A/c Receivable – Sameer est.	2000	
	Bad Debt Expense		2000
	Cash	2000	
	A/c Receivable – Sameer est.		2000

2- Allowance

Q2: Waseem CO. had the following transactions involving bad debts in 2019:

Jan 1, 2019	Records <u>estimated</u> Bad Debt Expense of BD8500
May 05, 2019	<u>Wrote off</u> Basam's account receivable of BD2350
September 02, 2019	Basam won money and <u>paid</u> 300

Date	Account	Debit	Credit
Jan 1	Bad Debt Expense	8500	
	Allowance for Doubtful A/c		8500
May 5	Allowance for Doubtful A/c	2350	
	A/c Receivable – Sameer est.		2350
Sep 2	A/c Receivable – Sameer est.	300	
	Allowance for Doubtful A/c		300
	Cash	300	
	A/c Receivable – Sameer est.		300

Q3: On Jan 1, 2020, Danah Company estimated that 5% of its credit sales of BD 200,000 will become uncollectible. The company recoded this amount as an addition to allowance for doubtful account. On May 12, 2020, Danah Company determined that the Areej account was uncollectible and wrote off BD1,700. On May 31, 2020, Areej paid the amount previously written off.

Date	Account	Debit	Credit
Jan 1	Bad Debt Expense (20000×5%)	10000	
	Allowance for Doubtful A/c		10000
May 12	Allowance for Doubtful A/c	1700	
	A/c Receivable – Areej		1700
May 31	A/c Receivable – Areej	1700	
	Allowance for Doubtful A/c		1700
	Cash	1700	
	A/c Receivable – Areej		1700

Q4: On June 1, 2020, Weddad Company estimated that 2% of its account receivable of BD 90,000 will become uncollectible. The company had **credit balance** of allowance for doubtful account of BD600 . On Aug 12, 2020, Weddad determined that the Osama account was uncollectible and wrote off BD250. On Aug 31, 2020, Osama paid the amount previously written off.

Date	Account	Debit	Credit
Jun 1	Bad Debt Expense (90000×2%) - 600	1200	
	Allowance for Doubtful A/c		1200
Aug 12	Allowance for Doubtful A/c	250	
	A/c Receivable – Osama		250
Aug 31	A/c Receivable – Osama	250	
	Allowance for Doubtful A/c		250
	Cash	250	
	A/c Receivable – Osama		250

Q5: The following aging schedule shows the percentage for uncollectable A/c Receivable at 30th Jan 2021.

Period	A/c Receivables	Provision %	Estimated amount of provision (BD)
Less than 30 days	40000	1%	400
1-30 days past due	65000	3%	1950
31-60 days past due	33000	6%	1980
61-90 days past due	16000	8%	1280
Over 90 days past due	9500	10%	950
Total		-	6560

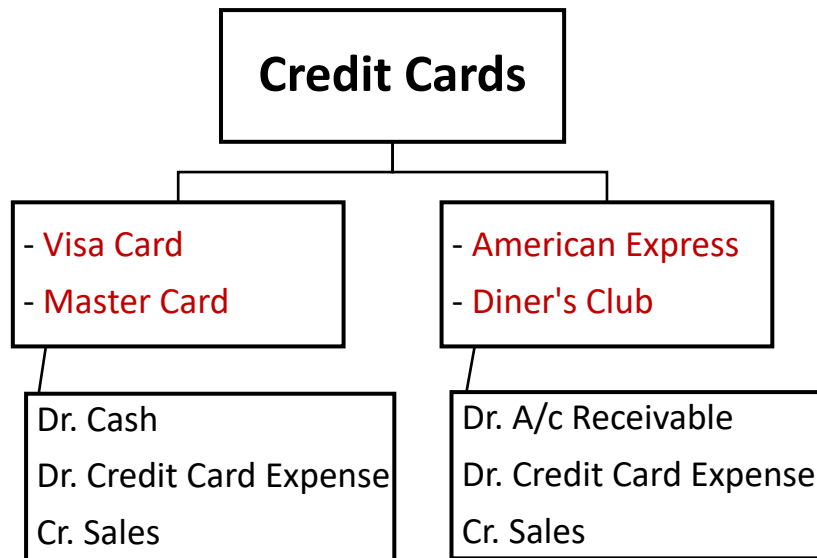
Allowance for doubtful a/c has a **credit balance** of BD 1100 prior to adjustment. The company uses the % of receivables to **estimate** the uncollectable account.

$$6560 - 1100 = 5460$$

Required: record the necessary Journal entries:

- 1- Prepare the adjusted entry at 30th Jan 2021, to record bad debt expense.
- 2- On 13 Jul 2021 customer Amal **can't pay** and wrote off her balance BD 1200.
- 3- On 13 Dec 2021, Amal made some profit and **paid** the amount due.

Date	Account	Debit	Credit
Jan 30	Bad Debt Expense	5460	
	Allowance for Doubtful A/c		5460
Jul 13	Allowance for Doubtful A/c	1200	
	A/c Receivable – Amal		1200
Dec 13	A/c Receivable – Amal	1200	
	Allowance for Doubtful A/c		1200
	Cash	1200	
	A/c Receivable – Amal		1200



Q1: On May 15, 2022 Royal co. sold 2 ticket for BD 1,500 to Sameer who paid by **Master Card**. If the service charges of 2%, record the sales transaction.

Date	Account	Debit	Credit
May 15	Cash (1500-30) ③	1470	
	Credit Card Expense (1500×2%) ②	30	
	Sales ①		1500

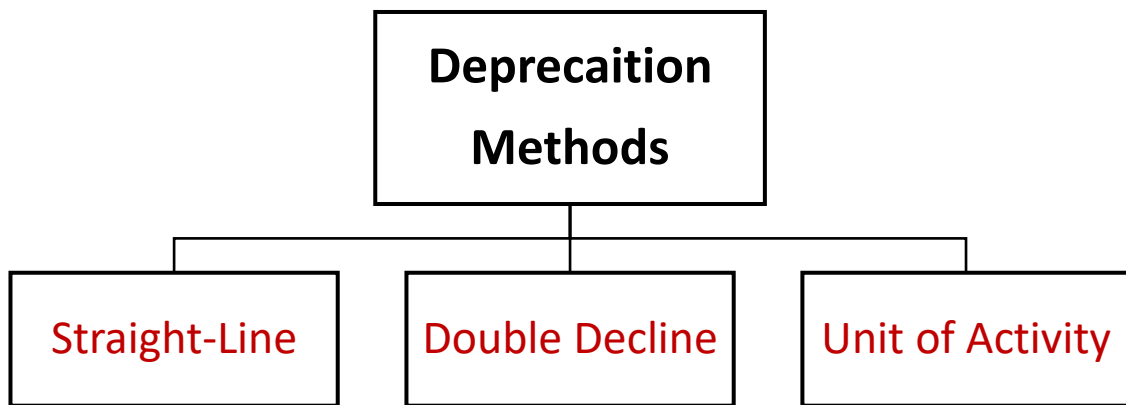
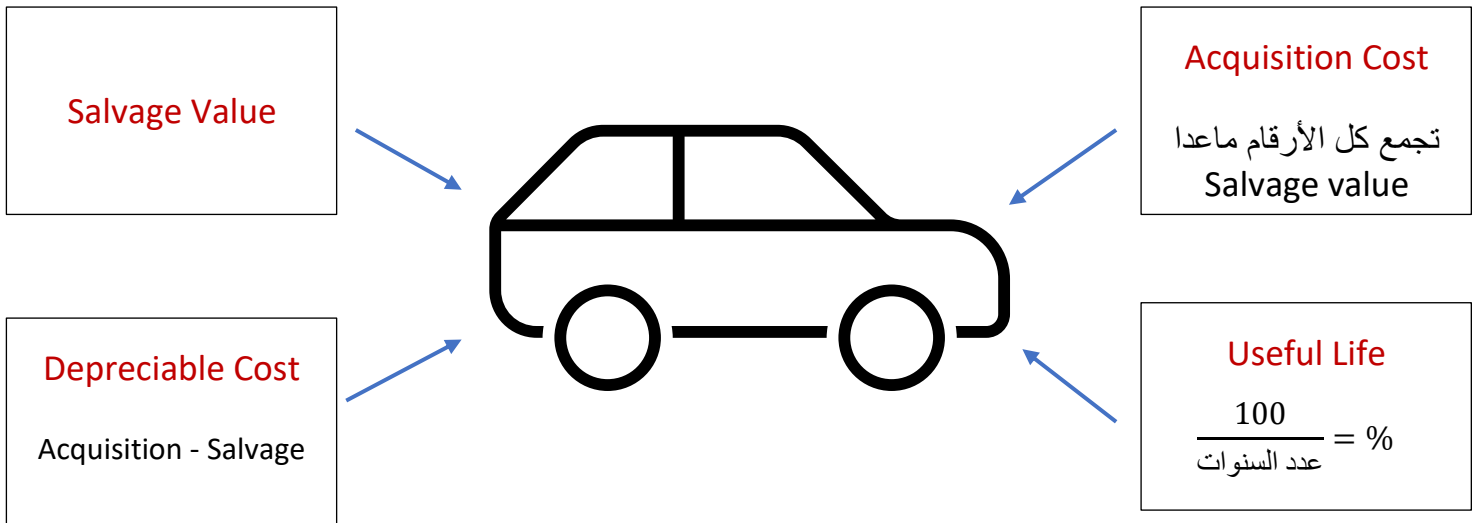
Q2: On Sep 20, 2022 Aryaf co sold some merchandise BD 3000 to customer who used **Visa** card to pay the amount, the credit card company charges 2% on any payment. Aryaf made another sales of BD 4900 to customer who used **American express** card, the credit card company take charges 3%.

Prepare the journal entries to record the sales transaction above.

Date	Account	Debit	Credit
Sep 20	Cash (3000-60) ③	2940	
	Credit Card Expense (3000×2%) ②	60	
	Sales ①		3000
Sep 20	A/c Receivable (4900-147) ③	4753	
	Credit Card Expense (4900×3%) ②	147	
	Sales ①		4900

CH4

Depreciation of plant Assets



The following data for a delivery truck purchased by a company on January 1, 2018:

Cost price BD42,000

Freight cost BD1,300

Taxes BD1,700

Estimated salvage value BD3,000

Estimated useful Life in years 4

Estimated useful life in miles 100,000

Distributed miles during 4 years, 40,000 – 25,000 – 20,000 – 15,000

Required:

Compute annual depreciation expense, accumulated depreciation and net book value for 5-year useful life. **Under the following methods**

1. Straight-Line.

- ① Acquisition Cost = 42000 + 1300 + 1700 = 45000 *هالخطوة ثابتة في كل الطرق*
- ② Depreciable Cost = 45000 – 3000 = 42000
- ③ Useful Life $\frac{100}{4} = 25\%$

year	Depreciable Cost ×	Useful life =	Depreciation Expense +	Accumulated Depreciation -	Net Book Value
1/1/2018	-	-	-	-	45000
31/12/2018	42000	× 25%	10500	10500	45000 - 10500 = 34500
31/12/2019	42000	× 25%	10500	21000	45000 - 21000 = 24000
31/12/2020	42000	× 25%	10500	31500	45000 - 31500 = 13500
31/12/2021	42000	× 25%	10500	42000	45000 - 42000 = 3000

Prepare the journal entry for the **second** year:

GENERAL JOURNAL

Date	Account title	Debit	Credit
31/12/2019	Depreciation Expense - Truck	10500	
	Accumulated Depreciation		10500

2. Double Declining-Balance

- ① Acquisition Cost= 42000 + 1300 + 1700 = 45000
- ② مانطرح هني Salvage Value نظرحه في السنة الأخيرة، بس ناخذ الرقم من نهاية السنة اللي قبلها
- ③ Useful Life $\frac{100}{4} \times 2 = 50\%$

year	Beginning book value	Useful life	Depreciation Expense	Accumulated Depreciation	Net Book Value
1/1/2018	-	-	-	-	45000
31/12/2018	45000	× 50%	22500	22500	45000-22500 =22500
31/12/2019	22500	× 50%	11250	33750	45000-33750 =11250
31/12/2020	11250	× 50%	5625	39375	45000-39375 =5625
31/12/2021	5625	- 3000 Salvage	2625	42000	45000-42000 =300

Prepare the journal entry for the **second** year:

GENERAL JOURNAL

Date	Account title	Debit	Credit
31/12/2019	Depreciation Expense - Truck	11250	
	Accumulated Depreciation		11250

3. Unit of Activity

- ① Acquisition Cost= 42000 + 1300 + 1700 = 45000
- ② 40,000 – 25,000 – 20,000 – 15,000 ناخذ الأرقام من السؤال جاهزين
- ③ $\frac{\text{Acquisition Cost} - \text{Salvage Value}}{\text{Total Units}} = 0.42$

year	Number of Units	Depreciation cost per unit	Depreciation Expense	Accumulated Depreciation	Net Book Value
1/1/2018	-	-	-	-	45000
31/12/2018	40000	0.42	16800	16800	28200
31/12/2019	25000	0.42	10500	27300	17700
31/12/2020	20000	0.42	8400	35700	9300
31/12/2021	15000	0.42	6300	42000	3000

CH 5

Disposal of Plant assets

Retires

Q1:

On Dec 31, 2018, Ahmed retires his truck, which cost BD24,000. The accumulated depreciation on these truck is BD24,000. The truck, therefore, is fully depreciated (zero book value).

Required:

Prepare the journal entry to record this retirement.

Date	Explanation	Debit	Credit
Dec 31	Accumulated Depreciation - Truck	24000	
	Truck		24000

Discarded

Q3:

On April 15 2019, Eman Company **discards** delivery equipment that **cost** BD 22,000 and has **accumulated depreciation** of BD16,000. The entry is as follow:

Required: Prepare the journal entries.

Date	Explanation	Debit	Credit
Dec 31	Accumulated Depreciation – Furniture	16000	
	Loss On Disposal (Dr.16000 – Cr. 22000)	6000	
	Furniture		22000

Q5:

Sold

On July 1 2018, Salman Company **Sold** office equipment for BD15,000 cash. The office original **cost** BD50,000. It had **accumulated depreciation** of BD39,000. To compute gain or loss from selling the equipment. The entry is as follow:

Date	Explanation	Debit	Credit
Jul 1	Accumulated Depreciation – Equipment	39000	
	Cash	15000	
	Gain On Disposal (Dr.54000 – Cr.5000)		4000
	Equipment		50000

Cr. < Dr.
Cr. Gain on Disposal

Q6:

On July 1 2018, Salman Company **sell** office equipment for BD8,000 cash. The office original **cost** BD50,000. It had **accumulated depreciation** of BD39,000. To compute gain or loss from selling the equipment. The entry is as follow:

Date	Explanation	Debit	Credit
Jul 1	Accumulated Depreciation – Equipment	39000	
	Cash	15000	
	Loss On Disposal (Dr.47000 – Cr.5000)	3000	
	Equipment		50000

Dr. < Cr.
Dr. Loss on Disposal

CH 6

Q1: Prepare Income Statement for Amna Co. for the year 2018. income tax 5%

Sales return	300	Purchases	10000	Gross sales	35700
Sales discount	100	Insurance expense	200	Opening inventory	2500
Fees earned	400	Interest income	250	Salaries expense	2000
Purchase return	300	Interest Expense	200	Ending inventory	3900
Freight in	400	Import tax	200	Freight out	400
Gain on disposal	550	Loss on disposal	300	Insurance on Purchase	150

Amna Co. اسم الشركة

Income Statement ثابتة ما تتغير

For the year end 13/12/2018 التاريخ بس السنة تتغير

Sales/ Gross Sales		35700		
(-) Sales Discount		(100)		
(-) Sales Return		(300)		
= Net Sales				35300
Opening Inventory		2500		
Purchases	10000			
(-) Purchase Discount	(0)			
(-) Purchase Return	(300)			
= Net Purchase	9700	(+)		
+ Import Tax	200			(-)
+ Purchase Insurance	150			
+ (Freight – Transport – Carriage) In	400			
= Cost of Purchases		10450		
= Cost of Goods Available for Sale		12950		
(-) Ending Inventory		(3900)		
= Cost of Goods Sold (COGS)				9050
= Gross Profit				26250
Insurance expense		200		
Salaries expense		2000		(-)
Freight out		400		
(-) Total Operating Expense				(2600)
= Income From Operations				23650
+ Fees earned		400		
+ Gain on disposal		550		(+)
+ Interest income		250		1200
(-) Interest Expense		200		(-)
(-) Loss on disposal		300		(500)
= Net Income Before Tax				24350
(-) Income Tax (24350 × Income Tax 5%)				(1217.5)
= Net Income				23132.5

+ شحن
+ ضريبة
+ تأمين

Q2: The following balances were extracted from the books of Jalil Est., on 31st December, 2012:

	BD		BD
Sales returns	900	Carriage out	180
Purchases returns	600	Import tax	200
Sales discount	300	Beginning Inventory	2,600
Sales	20,800	Ending Inventory	3,100
Purchases	15,200	Rent expense	800
Freight in	250	Salaries expense	1,100

Required:

From the above balances calculate the following:

1	Net Sales	$\text{Sales} - \text{Sales Discount} - \text{Sales Return} =$ $20800 - 300 - 900 = 19600$
2	Net Purchase	$\text{Purchase} - \text{Purchase Discount} - \text{Purchase Return} =$ $15200 - 300 - 0 = 14900$
3	Cost of Purchase	$\text{Net Purchase} + \text{Import tax} + \text{Insurance on Purchase} + \text{Freight in} =$ $14900 + 200 + 0 + 250 = 15350$
4	Cost of Goods available	$\text{Opening (Beginning) Inventory} + \text{Cost of Purchase} =$ $2600 + 15350 = 17950$
5	Cost of Goods Sold	$\text{Cost of Goods Sold} - \text{Ending Inventory} =$ $17950 - 3100 = 14850$
6	Gross profit	$\text{Net Sales} - \text{Cost of Goods Sold} =$ $19600 - 14850 = 4750$

Q3: Complete the missing blanks in the following income statement of Narees Company as at 31st Dec 2017:

Solution:

Narees Company .
Income Statement
 For the period ended 31st Dec 2017

<u>Revenue from sales:</u>			
Sales		52,300	
Sales Return and Allowance		(800)	
Net sales			51,500
<u>Cost of Goods Sold:</u>			
Beginning Inventory		61,700	
Purchase	29,780		
Purchase Returns	(320)		-
Net Purchases	29,460		
Freight In	240		
Cost of Purchases		29,700	
Cost of Goods Available for sale		32,000	
- Ending Inventory		14,400	
Cost of Goods Sold			17,600
Gross Profit			33,900
<u>Operation Expenses:</u>			
Rent Expense			2,200
Income from Operations			31,700
Income tax 5% (31,700× 5%)			(1,585)
Net Income (Profit)			30,115